

11-18-2015

2015 November 18 -- Agenda and Attachments

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UConn

UNIVERSITY OF CONNECTICUT

Board of



TRUSTEES

VOL. 157 NOVEMBER 18, 2015

REVISED

MEETING OF THE BOARD OF TRUSTEES UNIVERSITY OF CONNECTICUT

AGENDA

University of Connecticut
Lewis B. Rome Commons Ballroom
South Campus Complex
Storrs, Connecticut

November 18, 2015

BOARD OF TRUSTEES SCHEDULE OF THE DAY

10:00 a.m. 9:30 a.m.	Financial Affairs Committee Meeting
10:30 a.m. 10:00 a.m.	Board of Trustees Meeting

BOARD MEETING AGENDA

Call to order at **10:00 a.m.**

1. Public Participation
2. Chairman's Report
3. Minutes of the meeting of October 28, 2015
4. Financial Affairs Committee Report:
 - (a) Report on Committee activities
 - (b) Items requiring Board discussion and approval:
 - (1) Project Budget (Final) for Hartford Relocation Acquisition/
Renovation (Separate Cover)
 - (2) Disposition of West Hartford Campus Property (Separate Cover)
5. Other business
6. Executive Session anticipated.
7. Adjournment

PLEASE NOTE: *If you are an individual with a disability and require accommodations, please call the Board of Trustees Office at (860) 486-2333 prior to the meeting.*



Board of Trustees

**PROJECT BUDGET (FINAL) FOR HARTFORD
RELOCATION ACQUISITION/RENOVATION
[DISTRIBUTED UNDER SEPARATE COVER]
PRESENTED UNDER FINANCIAL AFFAIRS REPORT**


Wednesday, November 18, 2015

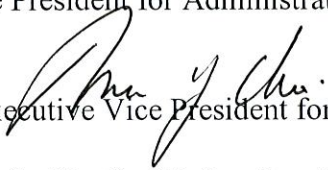


UNIVERSITY OF CONNECTICUT

November 18, 2015

TO: Members of the Board of Trustees

FROM: Scott A. Jordan 
Executive Vice President for Administration and Chief Financial Officer

Mun Y. Choi 
Provost and Executive Vice President for Academic Affairs

RE: Project Budget for Hartford Relocation Acquisition/Renovation
(Final: \$140,000,000)

RECOMMENDATION:

That the Board of Trustees approve the Final Budget in the amount of \$140,000,000 to release construction of the new main building on the Hartford Times site, and provide design and construction services for other projects related to the neighborhood campus development, for relocation and development of the UConn Hartford Campus in downtown Hartford.

BACKGROUND:

A strategically important University initiative is to relocate and consolidate the various Hartford based academic programs into a central, downtown Hartford location. The programs to be relocated are currently located at the West Hartford Campus or, in the case of the School of Business, in a leased facility in downtown Hartford.

The University completed a site selection process during the Planning Phase and entered into a development agreement on June 3, 2014 with H.B. Nitkin to undertake design and construction of a new main building for the campus. The site is the former location of the Hartford Times Building located in the Adriaen's Landing District in the southeast quadrant of the City. As part of the Agreement, the University will preserve and restore the historical front of the Hartford Times Building on Prospect Street. The new main building is five stories above grade, encompasses approximately 185,000 square feet and will satisfy approximately 70% of the programmatic need (with the balance being located in various other buildings in the neighborhood).

Consistent with the policy of the three-phase capital project budget approval process, the Board approved a Revised Planning Budget of \$10 million in April 2014 for the UConn Hartford Campus Relocation. In April 2015, the Board approved a Design Budget of \$115,000,000. The purpose of

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the April 2015 resolution was to obtain approval to allow the developer to proceed with releasing certain enabling packages (approximately \$6.5 million) including demolition, site excavation and the preparation of some shop drawings, prior to finalizing the Guaranteed Maximum Price (GMP) for the entire project. The early enabling packages were critical to the maintenance of the schedule to allow occupancy of the downtown Hartford Campus by Fall 2017.

The developer bid the remaining packages for the construction of the main building of the Hartford Times site in Summer 2015. Bids came in over budget and approximately 75% of the packages were value engineered and rebid with design modifications in early Fall 2015. The rebids came in over budget, and the project was value engineered again for a total cost avoidance of approximately \$12 million.

The increase in the Project Cost reflects the additional cost required to structurally stabilize the original Hartford Times Building, repair and replace its exterior envelope (roof, walls, etc.), and restore its iconic entrance. It also reflects an average of 10% for two years of escalation in the Connecticut construction industry, as noted in the RSMeans publication, and the bidding climate of current market conditions.

The Final Budget is based on a draft GMP prepared by Whiting Turner Construction and submitted by the developer to the University on November 16, 2015. The construction of the project will be done with a project labor agreement which was negotiated and included in the bids.

The Hartford Times Building construction project will conform to the Connecticut High Performance Building requirements and will be registered as a LEED project with a target of LEED Gold and a minimum performance standard of LEED Silver.

In addition to construction of the main building on the Hartford Times site, the overall Project Cost and Final Budget also include the following components:

- Purchase of the 38 Prospect Street Building, a four-story, 32,000 gross square foot building approximately 100 feet from the Hartford Times Building.
- Renovation of 38 Prospect Street, including student services areas on the lower level, classrooms on the main floor, and faculty and staff offices on the upper floors.
- Renovation of approximately 15,000 square feet of the Hartford Public Library to house the UConn Hartford Campus Library. (Note: Although the funds for the renovation are included in this Final Budget, the formal construction and space use agreements between the Library and UConn will be submitted for additional approval by the Board of Trustees at a future meeting.)
- Renovation of approximately 2,400 square feet at the Wadsworth Atheneum to create UConn classroom space. (Note: Although the funds for the renovation are included in this Final Budget, the formal space use agreement between UConn and the museum will be submitted for additional approval by the Board of Trustees at a future meeting.)

The Final Budget is attached for your consideration and approval.

CAPITAL PROJECT BUDGET REPORTING FORM

TYPE BUDGET: **FINAL**

PROJECT NAME: **HARTFORD RELOCATION ACQUISITION/RENOVATION**

	APPROVED PLANNING 8/7/2013	APPROVED REVISED PLANNING 4/23/2014	APPROVED DESIGN 4/29/2015	PROPOSED FINAL 11/18/2015
<u>BUDGETED EXPENDITURES</u>				
CONSTRUCTION	-	\$ 100,000	\$ 81,420,000	\$ 107,675,000
DESIGN SERVICES	100,000	7,800,000	11,151,000	12,691,500
TELECOMMUNICATIONS	-	-	2,452,500	2,830,000
FURNITURE, FIXTURES AND EQUIPMENT	-	-	5,403,000	4,125,000
CONSTRUCTION ADMINISTRATION	200,000	300,000	276,000	550,000
OTHER AE SERVICES (including Project Management)	350,000	500,000	1,947,000	3,419,750
ART	-	-	825,000	-
RELOCATION	-	-	509,000	347,500
ENVIRONMENTAL	50,000	50,000	422,000	484,500
INSURANCE AND LEGAL	125,000	200,000	845,000	1,104,250
MISCELLANEOUS	75,000	100,000	107,000	82,500
OTHER SOFT COSTS	-	-	-	-
SUBTOTAL	\$ 900,000	\$ 9,050,000	\$ 105,357,500	\$ 133,310,000
PROJECT CONTINGENCY	100,000	950,000	9,642,500	6,690,000
TOTAL BUDGETED EXPENDITURES	<u>\$ 1,000,000</u>	<u>\$ 10,000,000</u>	<u>\$ 115,000,000</u>	<u>\$ 140,000,000</u>
<u>SOURCE(S) OF FUNDING</u>				
UCONN 2000 PHASE III	\$ 1,000,000	\$ 10,000,000	\$ 115,000,000	\$ 140,000,000
TOTAL BUDGETED FUNDING	<u>\$ 1,000,000</u>	<u>\$ 10,000,000</u>	<u>\$ 115,000,000</u>	<u>\$ 140,000,000</u>

Note: Art budget is included in Construction line item (Restoration of Hartford Times Building)

BOT 11.18.15
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Board of Trustees

**DISPOSITION OF WEST HARTFORD CAMPUS
PROPERTY
[DISTRIBUTED UNDER SEPARATE COVER]
PRESENTED UNDER FINANCIAL AFFAIRS REPORT**

Wednesday, November 18, 2015

November 18, 2015

TO: Members of the Board of Trustees

FR: Scott A. Jordan 
Executive Vice President for Administration and Chief Financial Officer

Richard F. Orr 
Vice President and General Counsel

RE: Sale of the West Hartford Campus to the Town of West Hartford

RECOMMENDATION:

The Administration recommends that the Board of Trustees authorize the University to notify the Town of West Hartford of the University's intent to sell the land and buildings of the West Hartford campus and (a) if the Town desires to purchase, to negotiate a Purchase and Sale Agreement with the Town, or (b) if the Town does not desire to purchase, to negotiate a Purchase and Sale Agreement with another buyer, all as more fully set forth in the proposed Board Resolution at the end of this Memorandum.

OVERVIEW:

The University will no longer need the land and buildings which comprise the Greater Hartford Campus in the Town of West Hartford (the "West Hartford campus") after the University moves its operations from West Hartford to the City of Hartford in the fall of 2017. Accordingly, the University intends to sell the entire West Hartford campus, including the Little League baseball fields currently leased to the Town (the "Property"), to the Town or to another buyer.

There is a statutory requirement that the University notify the Town of West Hartford (the "Town") of its intent to sell and give the Town the first opportunity to buy the land. If the Town declines or fails to respond within forty five (45) days, the University can then sell to another buyer.

The University would welcome a purchase by the Town either for the Town's own use or for resale to another buyer.

The price for a sale to the Town would be negotiated between the University and the Town.

The University would be willing to consider a transfer of ownership before the fall of 2017 provided that the University can continue to use the portions of the Property it requires for its operations in West Hartford until the relocation to Hartford is complete.

If the Town is interested in purchasing the Property, the proposed Board Resolution authorizes the administration to negotiate a Purchase and Sale Agreement. Any final agreement between the University and the Town will require Board approval before it is effective.

BACKGROUND:

UConn's Relocation from West Hartford to Hartford

The West Hartford campus is currently situated on approximately 58 acres in West Hartford on the north side of Asylum Avenue at the intersection of Trout Brook Drive. The campus includes five buildings: the Harleigh B. Tracker Library; the Information Technology Center building; the School of Social Work building; the Undergraduate building; and a Facilities Operations building. The campus includes surface parking for 1,050 vehicles and Little League fields which the University leases to the Town.

The West Hartford campus currently serves approximately 1,400 undergraduate and 1,520 full- and part-time graduate students. In addition, there are approximately 410 faculty and other affiliated or non-affiliated staff utilizing the facilities.

The operations of the University's West Hartford campus are moving to the City of Hartford at a site anchored by the former Hartford Times building. Final agreements to authorize the move were approved by the Board and executed on June 3, 2014. On that same day the Board of Trustees formally authorized the relocation of the University's Greater Hartford Campus from West Hartford to Hartford.

Construction in Hartford is scheduled to start in late 2015. Classes are expected to begin in Hartford in the fall of 2017. The University does not anticipate any need for the West Hartford campus land or buildings once the relocation to the City of Hartford is complete.

Legal Requirements

The Connecticut General Statutes provide that before state land can be sold, the state agency responsible for the sale must notify the Town where the property is located of its intention to sell the land. The agency must also notify the state representative and state senator. This step must be accomplished before the University can sell or agree to sell to any other buyer. Only if the Town declines or fails to respond can the state agency then enter into an agreement with another buyer. See Conn. Gen. Stat. Sec. 3-14b. Adoption of the Board Resolution will authorize the University administration to take this critical first step of formally notifying the Town of the University's intent to sell.

By statute, the Town will have forty-five (45) days to notify the University of the Town's desire to purchase the Property. If the University were to issue that notice immediately after the November 18, 2015 Board of Trustees meeting, the 45 day period would expire on January 2, 2016. The administration intends to deliver the formal notice to the Town so that the deadline expires January 15, 2016 or thereafter.

If the Town desires to purchase the Property and so notifies the University in writing within 45 days, the statute provides that within sixty (60) days, the University is required to sell the property provided that the University and the Town agree on the conditions of sale and the price.

In addition to these requirements that apply to state land generally, there is a statute that applies to the West Hartford campus specifically. See Conn. Gen. Stat. Sec. 10a-109w. That statute requires that the University consider alternative uses for the facilities and land of the West Hartford campus “in consultation with officials of the town of West Hartford.” The statute further provides that if the Board of Trustees authorizes the relocation of the West Hartford campus -- as it did on June 3, 2014 -- the University “in concurrence with officials of the state and the town of West Hartford shall make recommendations to the Office of Policy and Management for alternate uses” of the campus.

Future Use

The 58 acre West Hartford campus is one of the last large parcels in West Hartford available for development or redevelopment. It is located in a residential neighborhood and area residents historically have enjoyed access to what is essentially an open campus. It is bisected by a watercourse, Trout Brook, and some of the area is wetlands which may influence future development. The West Hartford campus is located in an R-10 zone in which the permitted uses include residential, school and churches, but not commercial development.

The Town may be interested in acquiring the Property for the Town’s own use. Alternatively, any other potential buyer will want to determine whether that buyer’s proposed use of the land will meet with Town approval. In either event, the University believes it is in the best interest of the University – and of the Town – for the Town to acquire the Property so that the Town directly determines the future use of the Property.

Purchase Price

If the Town wishes to buy the Property, the purchase price will be negotiated between the University and the Town.

Restrictions on the Use of Sale Proceeds

The funds received by the University from a sale will likely have to be applied to capital projects and will not be available to offset operating expenses. This is for two reasons.

First, some of the bonds which financed the improvements at the West Hartford campus are still outstanding. Bond Counsel has advised that some of the funds received by the University from the sale of the West Hartford campus must be rolled into other capital projects under applicable bond requirements. The amount of money received by the University that would have to be applied to capital projects for this reason was recently estimated at approximately \$6.7 million.

Second, separate from the bond requirements, a state statute requires that the proceeds from the sale of land by constituent units of higher education be applied to a capital reserve account for capital projects. See Conn. Gen. Stat. Sec. 3-123f.

Thus, the proceeds of the sale of this property would be available to supplement the University's existing capital projects budget, but the proceeds could not be applied for operational matters such as paying operating expenses or replacing funds lost because of rescissions to the state block grant.

Timing

The University expects to transfer operations from the West Hartford campus to the downtown Hartford campus by the fall of 2017. The University is receptive to transferring title to the Town or another buyer before that time, provided that the University retains the right to use the portions of the Property it requires until it completes the move.

In addition to the statutory requirements regarding the time of purchase, an early transfer of title could give the Town an early opportunity to begin renovations required for the Town's use. Alternatively, if the Town decides to resell the property, it would give the Town the ability to give that buyer early access to the portions of the Property no longer being used by the University. Upon a resale to a private buyer, the Town would begin to realize property tax revenue from the Property.

If the Town does not buy the property, the University would be receptive to transferring title to another buyer before the fall of 2017.

Conclusion

For the reasons set forth above, the University administration recommends that the Board of Trustees adopt the following resolution:

RESOLUTION:

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE UNIVERSITY OF CONNECTICUT:

Section 1. The Board of Trustees authorizes the President or her designee (the "Administration") to notify, in writing, the chief executive officer of the Town of West Hartford (the "Town") and the affected state representative and state senator for the Town of the intent of the University of Connecticut to sell all of the University's West Hartford campus including the Little League baseball fields currently leased to the Town (the "Property").

Section 2. The notice described in Section 1 (the "Notice") shall allow the Town forty-five (45) days to notify the University of the Town's desire to purchase as provided by statute, but the Notice shall be issued such that the time for the Town's response does not expire before Friday, January 15, 2016.

Section 3. The University invites the Town to work with the University to comply with the requirements of Conn. Gen Stat. Section 10a-109w regarding consultation with officials of the Town and recommendations to the Office of Policy and Management regarding alternative uses for the facility and land of the West Hartford campus. The University and the Town may agree that the sale to the Town for a use determined by the Town is an acceptable use under the statute.

Section 4. If the Town gives notice of its desires to purchase the Property, the Administration is authorized to negotiate with the Town the terms of a Purchase and Sale Agreement ("Agreement") for the transfer of the Property to the Town. If the Town does not give notice of its desire to purchase the Property, the Administration is authorized to negotiate the terms of such an Agreement with another buyer. No such Agreement shall become binding on the University until it is approved by the Board of Trustees.

-END-

Financial Affairs

REVISED

AGENDA

Meeting of the
FINANCIAL AFFAIRS COMMITTEE
November 18, 2015 at ~~10:00 a.m.~~ **9:30 a.m.**
University of Connecticut
Lewis B. Rome Commons Ballroom
Storrs, Connecticut

EXECUTIVE SESSION (As Needed)

- 1) Approval of the Minutes of the Financial Affairs Committee
Meeting of October 28, 2015, as circulated

ACTION ITEMS:

- 2) Project Budget (Final) for Hartford Relocation Acquisition/Renovation (Separate Cover)
- 3) Disposition of West Hartford Campus Property (Separate Cover)

MINUTES
MEETING OF THE FINANCIAL AFFAIRS COMMITTEE
October 28, 2015

TRUSTEES PRESENT: Andy Bessette (*via Telephone*), Shari Cantor, Richard Carbray, Sandy Cloud, Andrea Dennis-LaVigne, Marilda Gandara (*via Telephone*), Jeremy Jelliffe, Thomas Kruger, Rebecca Lobo, Donny Marshall, Larry McHugh, David Rifkin and Thomas Ritter

STAFF PRESENT: Andrew Agwanobi, Mun Choi, Laura Cruickshank, Amy Donahue, Michael Eagen, David Galloway, Nicole Gelston, Jeff Geoghegan, Michael Gilbert, Susan Herbst, Scott Jordan, Tysen Kendig, Michael Kirk, Matthew Larson, Wayne Locust, Warde Manuel, Michael Mundrane, Richard Orr, Sally Reis, Rachel Rubin, Jeffrey Seeman, and Katrina Spencer

UNIVERSITY SENATE MEMBERS PRESENT:
Douglas Hamilton, Amy Howell, Debra Kendall, Elizabeth Jockusch, Shayla Nunnally, Angela Rola and Zeki Simsek

Committee Chairman Thomas Kruger convened the meeting of the Financial Affairs Committee at 9:30 a.m. in the Lewis B. Rome Commons Ballroom on the University of Connecticut campus in Storrs, Connecticut. On a motion by Trustee Cantor and seconded by Trustee Carbray the minutes of the meeting of September 30, 2015 were approved as circulated.

Scott Jordan, Executive Vice President for Administration and Chief Financial Officer, provided a PowerPoint presentation detailing tuition planning. Trustee Kruger explained that the presentation was intended to begin the public discussion of tuition increases as the administration provides background on the issues involved in the decision making process. No decisions regarding tuition would be made by the Board until a meeting later in the year. Mr. Jordan informed the committee that the same presentation would be made for faculty, staff and students in a Town Hall Forum scheduled for October 29 at 5:00pm in the Konover Auditorium of the Dodd Center. The presentation detailed: academic quality advancements; tuition as an important part of the University budget; increasing costs and declining State funding; measures to mitigate against the budget gap; and a comparison of UConn tuition to peers and competitors.

Matthew Larson, Director of Procurement Services, presented an overview of agenda ***Item #3, Contracts and Agreements for Approval***. On a motion by Trustee Cantor and seconded by Trustee Carbray, with Trustee Bessette recusing himself from the contract with Global Spectrum, the item was recommended to the full Board for approval.

Laura Cruickshank, University Master Planner and Chief Architect, explained the project budgets for Storrs based programs presented for approval, agenda Items 5-9, which included: ***UCONN 2000 Code Remediation: Stamford Downtown Relocation (Planning: \$2,000,000); North Eagleville Road Area Infrastructure Repair/Replacement and Upgrades – Phase III (Design: \$4,000,000); Heating Plant Upgrade – Emergency Power System Upgrade (Final:***

\$2,500,000); Main Water Line Replacement Phase II (Final: \$6,000,000); and UCONN 2000 Code Remediation: Northwest Quad (Revised Final: \$1,323,000). On a motion by Trustee Cantor and seconded by Trustee Bessette the committee recommended the Storrs based project budgets to the full Board for approval. Ms. Cruickshank informed the committee that there are currently over \$550 million of projects in construction, over \$325 million of projects in design and over \$375 million of projects in planning. The Next Generation Connecticut program projects are moving along. Design professionals have recently been engaged for two of the campus' major projects. Framework engineers have been engaged for the campus infrastructure including models needed to project growth; and a design firm has been engaged for the Student Recreation Center.

Mr. Kruger directed the committee to the informational agenda items. There being no additional agenda items the meeting was adjourned at 10:21 a.m. on a motion by Trustee Cantor and seconded by Trustee Bessette.

Respectfully submitted,

Debbie L. Carone

Debbie L. Carone,
Secretary to the Committee